

## 12th annual report 2005–06

*The Moreton Bay Fig tree (Ficus Macro) is endemic to Queensland and is a symbol of strength, prosperity and beauty. The symbolism of trees is unmistakable - growth, prosperity, strength, age & wisdom, and nature. The Moreton Bay Fig is emblematic of the Law Foundation of Queensland, which has been a symbol of growth and prosperity since its establishment in 1994.*



**Law Foundation** Queensland

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# Report to beneficiaries 2005–06

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## Profile

I have much pleasure in delivering the Annual Report of Law Foundation–Queensland.

Queensland Law Foundation Pty Ltd (QLF) is trustee for Law Foundation–Queensland (LF–Q), which by Court approval, has received the assets previously held by Law Foundation Insurance Trust.

Pursuant to the Law Foundation–Queensland Trust, the following is the fourth annual report to beneficiaries setting out the activities and business affairs of that Trust for the 2005–2006 financial year. Included in this report are the Trust's Annual Accounts and Auditor's Report.

The Law Foundation–Queensland (LF–Q) trust was settled by the Honourable Chief Justice Paul de Jersey AC on 15 November 2002, and the Board of the trustee company, Queensland Law Foundation Pty Ltd (QLF), comprises:

## Board of trustees



### Mr Raoul Giudes

Elected to Chair of the Board from 29 August 2001; re-appointed a Director in 2005; a partner of Guides & Elliot; a member of the QLS Council; a member of QLS Professional Standards committee; and a QLS past President.



### Mr Justin O'Sullivan

Re-appointed a Director in 2005; Chair until 29 August 2001 when he retired as Chairman but continued as a Director; a partner of Justin F O'Sullivan & Edgar from 1951 to June 1988; a consultant to Justin O'Sullivan & Edgar from 1 July 1998 to 30 September 1999; a consultant to Laherty & O'Sullivan since November 1999; and a QLS past President.



### Mr Hugh Grant

Re-appointed a Director in 2005; senior partner of Grant & Simpson; Governor of Iwasaki Foundation; Director of Iwasaki Sang Go Co Australia Pty Ltd; Director of Capricornia Credit Union Ltd; a member of the Board of Fitzroy Basin Association; and a QLS past President.



### Mr Michael Meadows

Re-appointed a Director in 2005; a partner of Flower & Hart; Chair of QLS Professional Standards committee; Director of Lexon Insurance Pte Ltd; Chair of QLS Property Law Accreditation committee; and Member of the College of Law Academic Advisory committee.



### Mr Ian Berry

Re-appointed a Director in 2005; principal of Ian Berry at Ipswich; a member of the QLS Council; Chair of QLS Practice Development & Management committee; Deputy Chair of the QLS CPD committee; and member of QLS Professional Standards committee.



### Mr Glenn Ferguson

Re-appointed a Director in 2005; partner of Ferguson Cannon Lawyers; a QLS past President; Vice President and President-Elect of LAWASIA; Executive Member of the Law Council of Australia; Chair of the College of Law Queensland; Foundation Fellow of the Australian Academy of Law; Director of Queensland-based insurance and superannuation companies; and Director of Lexon Insurance Pte Ltd.



### Mr David Roberts

Re-appointed a Director in 2005; partner of Cooper Grace & Ward; Director of Davton Pty Ltd; and Director of Jomad Pty Ltd.



### Mrs Joan Bennett

Re-appointed a Director in 2005; principal of Bennett & Associates in Brisbane; and member of the Legal Practitioners Admissions Board.



### Mr David Searles

Re-appointed a Director in 2005; a partner at Deacons.

## Investment of funds

### An overview

- The Foundation's funds, invested under the control of the Trustee, have on the overall, increased by 122% since inception (1 July 2000) which represents an annualised return of 14.29%.

The Australian shares within the account have generated an annual return of 21.01% over the 6 years, with a total return of 214%

These figures are net of all fees.

- Over the same period of 6 years, the Intech Growth funds have returned 7.12% per annum which equates to 51.13% in total, such figures being gross of ongoing fees.
- The Australian sharemarket has returned 11.76% per annum, which equates to a total return of 94.85% since inception 6 years ago.

### In perspective

#### **\$100 invested six years ago would now be represented as follows:**

in the Foundation Account (after fees)	\$222.00
in the average Intech Wholesale Growth Fund (before fees)	\$151.00
in the Australian share market (before fees)	\$194.00

## Report to beneficiaries 2005–06 (cont.)

### Projects funded or approved in principle during the period

The following funds have been made available to the beneficiaries of the trust in support of the named projects during the period 1 July 2005 to 30 June 2006.

To **QLS** to assist the development, marketing and implementation of a continuing professional development/education program for 2005.  
Balance of grant of \$160,000.00 **\$80,000.00**

To **QLS** to assist the development, implementation and review/assessment of a Continuing Legal Education pilot program for regional and rural practitioners **\$100,000.00**

To **QLS** to assist the Library in the further development of its member services **\$45,000.00**

To **LAWASIA** to assist in the relocation of the Secretariat to Brisbane. Balance of grant of \$50,000.00 pa for three years **\$50,000.00**

The Board agreed to exercise its option to extend this commitment for a further period of two years commencing 1 July 2006.

To **QLS** to assist running an advertising campaign throughout Queensland to market the Solicitor profession **\$50,000.00**

To **QLS** to assist in the development of an ethics awareness program for Queensland practitioners **\$20,000.00**

To **QLS** to assist in the conduct of a legal practice survey to determine the impact of conveyancers on the cost of conveyancing and the viability of legal firms **\$20,000.00**

To **QLS** to assist the piloting of an online educative program for practitioners on designated areas of professional development **\$25,000.00**

To **QLS** to sponsor the Legal Educators and Young Lawyers Conference **\$6,600.00**

To **QLS** to assist in the development of an application to the Professional Standards Council for approval of a scheme to limit the civil liability of the Society's members. Total grant \$194,225.00 **\$100,000.00**

### Video conferencing

As mentioned in the Annual Report for 2004–2005, LF–Q with QLS, was embarking on the establishment of a video-conferencing network for use by the QLS members in the conduct of their practice. It was hoped that the availability of such a system would also serve as a bridge for those practising in the more isolated areas of the State, to the main body of the profession and to the QLS itself.

To date the network is now located in the following areas:

- 1 Cairns
- 2 Mt Isa
- 3 Townsville
- 4 Rockhampton
- 5 Mackay
- 6 Gladstone
- 7 Bundaberg
- 8 Dalby
- 9 Toowoomba
- 10 Sunshine Coast
- 11 Brisbane, and
- 12 Gold Coast.

Hervey Bay is in the process of being added to the network, and host sights are being sought for the areas of Gympie and Warwick.

Initially the system was established over an ISDN network and members were charged a user fee to cover Telstra call charges, but not line rental charges.

The Foundation is in the process of having the system switched to Internet Protocol, and, in the belief that the increased amount of usage will justify this expenditure, have now offered the use of the system, over the QLS network, to members **free of charge** save for some minor out of pocket expenses which may arise in certain instances.

Total expenditure on this project to date is **\$534,441.00**.

Expenses in support of the QLS video conferencing network will be ongoing as new sites are added to the network, and as there is a **monthly** charge of for the provision of bandwidth to each site and to the central bridge of approximately **\$9320.00**.

### **Proposed project – a scheme to assist solicitors in need**

The Directors of QLF are aware of the concerns of the Society over many years of the personal and practical difficulties experienced by a number of solicitors. These difficulties have come to light through the Society's Professional Standards department and LawCare.

Reports from these bodies indicate that some solicitors unfortunately have to face health and/or personal difficulties, including serious illness of a family member etc. In consequence, these solicitors often encounter difficulties within their practices.

QLS has, for some years, run the Law Care counselling service, which assists practitioners with personal and emotional problems. However, it is recognised that it is difficult for solicitors to self refer and further, there are constraints facing QLS in the operation of a program such as LawCare.

Investigations have commenced as to the instigation of a project, the aim of which would be to provide discreet assistance to solicitors in difficulty, to enable them to reduce the risk of impact on themselves, their partners and clients.

Details of schemes in NSW and the UK have been obtained with some similar objectives, and the Foundation will be examining a program which tries to pick up the best of both schemes.

# Financial report 2005–06

Queensland Law Foundation Pty Ltd  
as Trustee for the Law Foundation–Queensland

## Income Statement for the year ended 30 June 2006

	Note	2006 \$	2005 \$
<b>Income</b>			
Trust distributions received		88,253	69,281
Dividends received		389,535	353,742
Interest received		96,990	116,623
Capital gain/(loss) from investments		1,101,230	1,657,043
Sundry income		524	–
		<b>1,676,532</b>	<b>2,196,689</b>
<b>Expenditure</b>			
Accountancy fees		15,158	3,960
Advertising		–	308
Bank charges		493	450
Computer expenses		2,510	70
Depreciation		3,033	1,541
Fees and permits		212	277
Interest paid		2	43
Internet expenses		453	–
Legal costs		2,858	–
Management fees		128,521	121,448
Meeting expenses		9,501	1,574
Office relocation costs		–	20,000
Postage		426	274
Printing and stationery		513	423
Sundry expenses		2,466	724
Superannuation contributions		2,836	2,859
Telephone		2,353	2,164
Travelling expenses		81	–
Video conference expenses		91	2,404
Wages		32,882	32,759
		204,389	191,278
<b>Profit (loss) before income tax</b>		<b>1,472,143</b>	<b>2,005,411</b>
Income tax expense		–	–
<b>Profit (loss) after income tax</b>		<b>1,472,143</b>	<b>2,005,411</b>

The accompanying notes form part of these financial statements.



Queensland Law Foundation Pty Ltd  
as Trustee for the Law Foundation–Queensland

## Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$	\$
<b>Current assets</b>			
Petty cash imprest		(2)	78
Cash at bank		61,705	7,688
		<b>61,703</b>	<b>7,766</b>
<b>Non-current investments</b>			
Investments in managed funds (at cost)		11,751,107	10,995,770
		<b>11,751,107</b>	<b>10,995,770</b>
<b>Fixed assets</b>			
Plant and equipment	2	5,048	8,081
		5,048	8,081
<b>Total assets</b>		<b>11,817,858</b>	<b>11,011,617</b>
<b>Current liabilities</b>			
Beneficiaries current accounts	3	4,515,847	3,710,479
Sundry creditors		103	–
Amounts withheld	4	1,893	1,123
		4,517,843	3,711,602
<b>Total liabilities</b>		<b>4,517,843</b>	<b>3,711,602</b>
<b>Net assets</b>		<b>7,300,015</b>	<b>7,300,015</b>
<b>Trust funds</b>			
Settlement sum		10	10
Trust capital		7,300,005	7,300,005
<b>Total trust funds</b>		<b>7,300,015</b>	<b>7,300,015</b>

The accompanying notes form part of these financial statements.

Queensland Law Foundation Pty Ltd  
as Trustee for the Law Foundation–Queensland

### Statement of Changes in Equity for the year ended 30 June 2006

	Trust Capital	Settlement Sum	Total
	\$	\$	\$
<b>Balance as at 1 July 2004</b>	7,300,005	10	7,300,015
add profit attributable to beneficiaries			
less distribution to beneficiaries			
<b>Balance as at 30 June 2005</b>	7,300,005	10	7,300,015
add profit attributable to beneficiaries			
less distribution to beneficiaries			
<b>Balance as at 30 June 2006</b>	7,300,005	10	7,300,015

The accompanying notes form part of these financial statements.

# Notes to the financial report 2005–06

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## 1 Statement of significant accounting policies

This financial report is a special purpose financial report prepared in order to satisfy the requirements of the trust deed to prepare a financial report. The trustee has determined that the trust is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following applicable Australian Accounting Standards:

AASB 1031	Materiality
AAS13 110	Events after the Balance Sheet Date
AASB 116	Property, Plant and Equipment
AASB 119	Employee Benefits
AASB 101	Presentation of Financial Statements
AASB 139	Financial Instruments

No other Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report is also prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

### Financial instruments

An entity recognises and measures all financial assets and financial liabilities in its opening Australian-equivalents-to-IFRSs balance sheet in accordance with AAS13139, except as specified in paragraphs 27-30 of AAS13 1, which address de-recognition and hedge accounting, and paragraph 36 A, which permits an exemption from restating comparative information.

### Property, plant and equipment

Property, plant and equipment are carried at cost or independent valuation. All assets, excluding freehold land and buildings are depreciated over the useful lives of the assets to the business.

### Employee entitlements

Contributions are made to an employee superannuation fund and are charged as expenses when incurred.

This statement is to be read in conjunction with the audit report.

## 2 Plant and equipment

	2006	2005
	\$	\$
Office furniture and equipment at cost	13,562	13,562
<b>Less</b> accumulated depreciation	8,514	5,481
	5,048	8,081
<b>Total plant and equipment</b>	<b>5,048</b>	<b>8,081</b>

## 3 Beneficiaries current accounts

	2006	2005
<b>Beneficiary</b>	<b>\$</b>	<b>\$</b>
Balance brought forward	3,710,479	2,198,933
<b>Add</b> Share of profit (loss)	1,472,143	2,005,411
	<b>5,182,622</b>	<b>4,204,344</b>
<b>Less</b> Drawings	666,775	493,865
	<b>4,515,847</b>	<b>3,710,479</b>

## 4 Amounts withheld

	2006	2005
	\$	\$
Amounts withheld from salary wages and other payments	1,893	1,123

This statement is to be read in conjunction with the audit report.

### Director's declaration

The directors of the trustee declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

The directors of the trustee company declare that:

- 1 the financial statements and notes, as set out above, present fairly the trust's financial position as at 30 June 2006 and its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements;
- 2 in the directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Director**  
**Justin O'Sullivan**

Dated this 12th day of December 2006

### Independent Auditors' Report to the Trustees of the Law Foundation– Queensland

#### Scope

We have audited the financial report, being a special purpose financial report, of the Law Foundation–Queensland, for the financial year ended 30 June 2006 being the Director's Declaration, Income Statement, Balance Sheet, Statement of Changes in Equity and Notes To and Forming Part of the financial statements. The trustee is responsible for the financial report and have determined that the accounting policies used and described in note 1 to the financial statements are appropriate to meet the requirements under the Trust Deed and the needs of the beneficiaries. We have conducted an independent audit of this financial report in order to express an opinion on it to the Trustee. No opinion is expressed as to whether the accounting policies used, and described in note 1, are appropriate to the needs of the beneficiaries.

The financial report has been prepared for distribution to beneficiaries. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the beneficiaries, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, or evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in note 1 to the financial statements. These policies do not require the application of all Accounting Standards and Urgent Issues Group Consensus Views.

The audit opinion expressed in this report has been formed on the above basis.

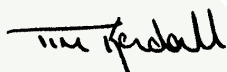
#### Audit opinion

In our opinion, the financial report of the Law Foundation–Queensland presents fairly the financial position as at 30 June 2006, and the results of its operations for the period then ended, in accordance with the accounting policies as described in Note 1 of the financial statements and comply with the prescribed requirements of the Trust Deed.

**BDO Kendalls**  
Chartered Accountants



**BDO Kendalls**



**T J Kendall**  
Partner

Dated: 13 December 2006  
Brisbane